

cent, upon the capital contributed by the State and half the net profits remaining after the payment of a dividend of a like amount to the shareholders. The receipts of the government from these sources, including interest on its own stock, attained a very considerable figure during the eight years prior to its transformation into the new Imperial Bank, amounting to 3,166,436 thalers in 1873 ; 1,711,920 thalers in 1874; and 2,284,875 thalers in 1875.

The accounts of the Bank of Prussia afford a good illustration of the principle that banks of issue usually precede mere banks of discount and deposit as a means of familiarizing the public with banking methods. There were scarcely any deposits in the early history of the bank, except those made by the government and upon which interest was paid by the bank. These government deposits came from the trust funds of the courts, including those of guardianship, and the administration of churches, schools, hospitals, and other charitable foundations and public institutions. Their magnitude constantly grew and their use by the bank gave it loanable funds which it could not otherwise have obtained except by an issue of notes upon commercial paper disproportionate to its original capital. This money entrusted to the bank enabled it to do a discount business which steadily grew with the expansion of commerce in Prussia and among her neighbors. The aggregate of the discount business of the year rose from 1,581,956,399 marks (\$395,000,000) in 1867 to 2,630,469,468 marks in 1871, 3,958,299,756 marks in 1872, and 5,350,216,312 marks in 1873. The business depression which began in the latter year forced the discounts down to 4,136,089,162 marks in 1874 and to 4,099,613,175 marks (\$1,025,000,000) in 1875.

One of the peculiarities of the Bank of Prussia, which extended to many other German banks, was the practice of making loans upon merchandise as well as upon bullion and the pledge of securities. Business of this kind was always kept within conservative limits and the statutes of the Bank of Prussia admitted the precious metals at a valuation of only 95 per cent, of their real value and merchandise at